

Deferred Compensation Committee Meeting

August 30, 2006

3:30 pm

Present:

x Tom Hartman		Jerry Hart (advisory)
Brad Woodford	Valerie Hernandez (advisory)	Marlene Pontrelli (advisory)
Dave Scott (alternate)	Dave Merkel (alternate)	X Joe Schiefer
Sylvia Cardenas (alternate)	X Rick Rager	X Edith Ross
	Carol Martsch	X Julie Hietter (secretary)
X Scott Taylor (Great West)	Brent Watkins	Jon O'Connor (alternate)

Action Items:

- Advise City Attorney's office of this issue, the committee's decision to amend the 457 plan, and draft staff summary for next Council consent agenda. (Julie)
- Ask City Attorney's office to draft language for the release of liability form. (Julie)

Discussion on the new Pension Protection Act of 2006 which was signed by President Bush August 17, 2006. Specifically, today's discussion focused on one provision that allows Public Safety employees to take distributions from their DROP account without a 10% penalty as long as they sever employment in the calendar year they turn age 50 or later.

The Great West attorney and the Public Safety Retirement attorney have different interpretations as to whether DROP money that is first rolled over to a 457 plan and then distributed to the participant still qualify for the 10% exemption. The Pension Protection Act is silent on this issue. Discussion that it could take some time for the Treasury Department to issue a ruling on this.

The Committee discussed amending the 457 plan to allow for rollovers from DROP accounts. This can be done even without the passage of the Pension Protection Act but we had never acted on it because the 401(k) plan is the vehicle for DROP rollovers. By amending the 457 plan to accept DROP rollovers, participants are positioned to take advantage of the 10% exemption if the Treasury Department makes a favorable ruling. In the event of an unfavorable ruling by the Treasury Department, the participant would be in no worse state than had they rolled their money into the 401(k).

Joe moves to amend the 457 plan to accept rollover of DROP monies. Tom seconds the motion. All in favor. The motion carries.

Tom moves to require DROP participants to sign a release of liability form indicating that they are electing to roll over monies into the 457 plan in the absence of a ruling by the Treasury Department on the 10% exemption provision. Edith seconds the motion. All in favor. The motion carries.

The meeting is adjourned at 4:15 pm.